



THE CANADIAN CHAMBER OF COMMERCE
LA CHAMBRE DE COMMERCE DU CANADA

*Office of the President and Chief Executive Officer
Cabinet de la présidente et chef de la direction*

January 6, 2009

The Right Honourable Stephen Harper, P.C., M.P.
Prime Minister of Canada
House of Commons
80 Wellington Street
Ottawa, Ontario
K1A 0A2

Dear Prime Minister:


On behalf of the 175,000 members of the Canadian Chamber of Commerce network, I want to express our strong support for your ongoing efforts to meet with Canada's Provincial Premiers and Territorial Leaders to discuss ways to respond to the current global economic crisis.


First Ministers will meet on January 16, 2009 at a time when global economic activity has receded rapidly and Canada's economy has joined other major industrial nations in recession. The First Ministers' Meeting provides an excellent opportunity to identify areas where both levels of government can cooperate to stimulate the economy.

501-350, rue Sparks St.

Ottawa, Ontario

K1R 7S8

 (613) 238-4000

 (613) 238-7643

www.chamber.ca

info@chamber.ca

We urge both levels of government to implement measures designed to increase economic activity as quickly as possible, and as much as possible for a given budgetary cost. One such area is public infrastructure spending. We hope that each level of government will advance projects that have been approved and for which environmental assessments have been – or are about to be - completed.

Projects that can be started now will not only provide quick economic stimulus, but also strengthen Canada's competitive edge and productivity when the business cycle rebounds. Such 'shovel ready' projects include roads, sewers and basic municipal infrastructure, much of which is in dire need of repair. These



infrastructure elements will help communities improve mass transit, water treatment and waste management systems. Additionally, while we recognize that attracting such investment is more difficult during an economic downturn, all levels of government should encourage public-private partnerships in building infrastructure.

To assist Canadian families while stimulating the economy, we hope that First Ministers will consider reducing high marginal personal income tax rates, especially for lower-income Canadians who are more likely to have difficulty obtaining credit and who are most likely to spend the money that they would otherwise have paid in taxes. Reducing high marginal personal income tax rates will also increase the incentive to work and invest, further stimulating the economy and putting Canada on a stronger competitive footing. Both levels of government have a role to play in this regard.

Because unemployment is expected to rise markedly over the next year, governments should focus on labour adjustment programs and training for unemployed workers, including targeted adjustment programs for displaced older workers. These programs can help us prepare for when the economy eventually recovers and labour is again in short supply.

At the federal level, we hope the Government will consider incentives for new businesses investment in machinery and equipment by providing more generous Capital Cost Allowance rates, abolishing remaining tariffs on a wide range of imported machinery and equipment, and introducing broad-based investment tax credits.

It is also imperative that the Government continue to work in concert with other world leaders and central banks to restore global economic growth and resist any temptation to succumb to protectionism. We urge the Bank of Canada to ensure liquidity and the affordability of credit for Canadian businesses and consumers.

Beyond the question of short-term stimulus, all levels of government must ensure that the Canadian economy remains internationally competitive and continues to attract investment and creates jobs. In this regard, governments must work to eliminate all internal barriers to trade and mobility, harmonize provincial sales taxes with the GST, and speed up the phase out of provincial capital taxes. Strong action is needed.

The Canadian Chamber of Commerce is pleased to provide you, and your provincial and territorial colleagues with a copy of our pre-budget submission which details our recommendations. We wish you every success in establishing a clear strategy that will stimulate the economy now and lay the foundation for

long-term growth. We are anxious to assist in every way we can to build a stronger and more prosperous Canada.

Sincerely,

A handwritten signature in cursive script that reads "Perrin Beatty". The signature is written in dark ink and is positioned above the printed name.

Perrin Beatty

CC: Hon. Gordon Campbell, Premier of British Columbia
Hon. Jean Charest, Premier of Québec
Hon. Gary Doer, Premier of Manitoba
Gilles Duceppe, Leader of the Bloc Québécois
Hon. Dennis Fentie, Premier of Yukon
Hon. Robert Ghiz, Premier of Prince Edward Island
Hon. Shawn Graham, Premier of New Brunswick
Michael Ignatieff, Leader of the Liberal Party of Canada
Hon. Jack Layton, Leader of the New Democratic Party of Canada
Hon. Rodney MacDonald, Premier of Nova Scotia
Hon. Dalton McGuinty, Premier of Ontario
Ted Menzies, Parliamentary Secretary to the Minister of Finance
Hon. Paul Okalik, Premier of Nunavut
Hon. Floyd Roland, Premier of the Northwest Territories
Hon. Ed Stelmach, Premier of Alberta
Hon. Brad Wall, Premier of Saskatchewan
Hon. Danny Williams, Premier of Newfoundland and Labrador